



DEPARTMENT OF TRANSPORTATION
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

U.S. DOT Docket Number NHTSA-2016-0065

Reports, Forms, and Record keeping Requirements

AGENCY: National Highway Traffic Safety Administration (NHTSA), U.S. Department of Transportation.

ACTION: Notice

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, this notice announces that the Information Collection Request (ICR) abstracted below has been forwarded to the Office of Management and Budget (OMB) for review and comment. The ICR describes the nature of the information collections and their expected burden. The Federal Register Notice with a 60-day comment period was published on June 27, 2016 (81 Fed. Reg. 41644).

DATES: Comments must be submitted to OMB on or before [INSERT DATE 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Send comments to the Office of Information and Regulatory Affairs, OMB, 725 17th Street, N.W., Washington, DC, 20503, Attention: Desk Officer.

FOR FURTHER INFORMATION CONTACT: Alex Ansley, Recall Management Division (NVS-215), Room W48-301, NHTSA, 1200 New Jersey Ave., Washington, DC 20590.
Telephone: (202) 493-0481.

SUPPLEMENTARY INFORMATION: Under the Paperwork Reduction Act of 1995, before an agency submits a proposed collection of information to OMB for approval, it must first

publish a document in the Federal Register providing a 60-day comment period and otherwise consult with members of the public and affected agencies concerning each proposed collection of information. The OMB has promulgated regulations describing what must be included in such a document. Under OMB's regulation, see 5 CFR 1320.8(d), an agency must ask for public comment on the following:

- i) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- ii) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- iii) how to enhance the quality, utility, and clarity of the information to be collected; and
- iv) how to minimize the burden of the collection of information on those who are to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses.

In compliance with these requirements, NHTSA asks for public comments on the following collection of information:

Title: Defect and Noncompliance Reporting and Notification

Type of Request: Extension of a currently approved information collection

OMB Control Number: 2127-0004

Affected Public: Businesses or individuals

Abstract: The 60-day notice for this information collection received one (1) comment

submitted by Nissan North America, Inc. (Nissan). Nissan agreed with many of the estimates presented in the 60-day notice but did offer substantive comments on six different estimates related to safety recall reporting and owner notification obligations. A summary of Nissan's comments are found below in the corresponding burden estimate along with the Agency's response.

This collection covers the information collection requirements found within various statutory sections in the Motor Vehicle Safety Act of 1966 (Act), 49 U.S.C. § 30101, *et seq.*, that address and require manufacturer notifications to NHTSA of safety-related defects and failures to comply with Federal Motor Vehicle Safety Standards (FMVSS) in motor vehicles and motor vehicle equipment, as well as the provision of particular information related to the ensuing owner and dealers notifications and free remedy campaigns that follow those notifications.

Pursuant to the Act, motor vehicle and motor vehicle equipment manufacturers are obligated to notify, and then provide various information and documents, to NHTSA in the event a safety defect or noncompliance with Federal Motor Vehicle Safety Standards (FMVSS) is identified in products they manufactured. See 49 U.S.C. § 30118(b) and 49 CFR § 573.6 (requiring manufacturers to notify NHTSA, and provide certain information, when they learn of a safety defect or noncompliance). Manufacturers are further required to notify owners, purchasers, dealers and distributors about the safety defect or noncompliance. See 49 U.S.C. 30118(b), 30120(a), and 49 CFR 577.7, 577.13. They are required to provide to NHTSA copies of communications pertaining to recall campaigns that they issue to owners, purchasers, dealers, and distributors. See 49 U.S.C. 30166(f) and 49 CFR 573.6(c)(10).

Manufacturers are also required to file with NHTSA a plan explaining how they intend to

reimburse owners and purchasers who paid to have their products remedied before being notified of the safety defect or noncompliance, and explain that plan in the notifications they issue to owners and purchasers about the safety defect or noncompliance. See 49 U.S.C. 30120(d) and 49 CFR 573.13. They are further required to keep lists of the respective owners, purchasers, dealers, distributors, lessors, and lessees of the products determined to be defective or noncompliant and involved in a recall campaign, and are required to provide NHTSA with a minimum of six quarterly reports reporting on the progress of their recall campaigns. See 49 CFR 573.8 and 573.7, respectively.

The Act and Part 573 also contain numerous information collection requirements specific to tire recall and remedy campaigns. These requirements relate to the proper disposal of recalled tires, including a requirement that the manufacturer conducting the tire recall submit a plan and provide specific instructions to certain persons (such as dealers and distributors) addressing that disposal, and a requirement that those persons report back to the manufacturer certain deviations from the plan. See 49 U.S.C. 30120(d) and 49 CFR 573.6(c)(9). They also require the reporting to NHTSA of intentional and knowing sales or leases of defective or noncompliant tires.

49 U.S.C. 30166(n), and its implementing regulation found at 49 CFR 573.10, mandates that anyone who knowingly and willfully sells or leases for use on a motor vehicle a defective tire or a tire that is not compliant with FMVSS, and with actual knowledge that the tire manufacturer has notified its dealers of the defect or noncompliance as required under the Act, is required to report that sale or lease to NHTSA no more than five working days after the person to whom the tire was sold or leased takes possession of it.

Estimated Burden: The approved information collection associated with 49 CFR part 573

and portions of 49 CFR part 577 presently holds an estimated annual burden of 46,138 hours associated with an estimated 280 respondents per year. For information concerning how we calculated these estimates please see the Federal Register Notices 78 FR 51381 (August 20, 2013).

Our prior estimates of the number of manufacturers each year that would be required to provide information under 49 CFR Part 573, the number of recalls for which 49 CFR part 573 information collection requirements would need to be met, and the number of burden hours associated with the requirements currently covered by this information collection require adjustment as explained below.

Based on current information, we now estimate 275 distinct manufacturers filing an average of 854 Part 573 Safety Recall Reports each year. This is a change from our previous estimate of 680 Part 573 Safety Recall Reports filed by 280 manufacturers each year.

We originally estimated that it takes a manufacturer an average of 4 hours to complete each notification report to NHTSA and that maintenance of the required owner, purchaser, dealer, and distributors lists requires 8 hours a year per manufacturer. Nissan commented that, in its experience, it spends "...two (2) to (3) days (16-24 hours) to complete each Defect Information Report (DIR), based on an eight (8) hour day. This varies based on the size and complexity of the recall." We thank Nissan for its comment and do not disagree with its estimated burden for filing a Part 573 Recall Report (or "DIR" as referenced in Nissan's comment). However, most manufacturers who conduct safety recalls are not major, passenger vehicle manufacturers. And, generally, most other manufacturers include very few products in the average safety recall. We presume that, like Nissan, other major, passenger vehicle

manufacturers require similar time and burden to prepare and file their reports due to the size and complexity of passenger vehicle recalls. As such, we estimate that major, passenger vehicle manufacturers will require 20 burden hours, the average of Nissan's estimate, to prepare and file their Part 573 Recall Reports.

By utilizing the metric associated with NHTSA's VIN Look-up Tool regulation (*See* 49 CFR 573.15), we will associate a higher burden hour estimate for the major, passenger vehicle manufacturers who produce more than 25,000 vehicles annually. The seventeen (17) manufacturers that fit this annual production criterion recall many more products, on average, than other manufacturers. Between 2013 and 2015, the recalls for these major, passenger vehicle manufacturers (including Nissan) affected an average of 153,000 vehicles per recall. However, the recalls for all other manufacturers (including manufacturers for other vehicles and motor vehicle equipment such as tires, child seats, etc.), affected an average of 32,000 products per recall. Between 2013 and 2015 the major, passenger vehicle manufacturers conducted an average of 45 recalls annually.

We estimate the annual burden hours related to the reporting to NHTSA of a safety defect or noncompliance for the seventeen major, passenger vehicle manufacturers to be 900 hours annually (45 notices x 20 hours/report). We estimate all other manufacturers to require a total of 3,236 hours annually to file their notices (809 notices x 4 hours/report). Accordingly, the estimated annual burden hours related to the reporting to NHTSA of a safety defect or noncompliance is 6,336 hours (900 hours + 3,236 hours) + (275 MFRs x 8 hours to maintain purchaser lists).

We also estimated an additional 2 hours would be needed to add to a manufacturer's Part 573 Safety Recall Report details relating to the intended schedule for notifying its dealers and distributors, and tailoring its notifications to dealers and distributors in accordance with the requirements of 49 CFR § 577.13. Nissan commented that, in its experience and depending on the complexity of the recall, it "typically works up to five (5) business days/forty (40) hours to craft the Dealer announcement with the appropriate repair protocol and other essential information to provide to dealers. The announcement creation includes coordinating with multiple departments in order to notify and instruct the dealers/retailers on how to execute the remedy." Similar to the burden hour estimate for readying the Part 573 Recall Report, we believe Nissan's estimate is realistic and should apply to the burden hour calculation for the major, passenger vehicle manufacturers. We believe, however, that most other manufacturers would require up to two hours readying this notification. This burden is now estimated at 3,418 hours annually (809 notices x 2 hours/notification + 45 notices x 40 hours/notification).

49 USC § 30166 (f) requires vehicle manufacturers to provide to the Agency copies of all communications regarding defects and noncompliances sent to owners, purchasers, and dealerships. Manufacturers must index these communications by the year, make, and model of the vehicle as well as provide a concise summary of the subject of the communication. We estimate this burden requires 30 minutes for each vehicle recall. This would total to an estimated 380 hours annually (760 vehicle recalls x .5 hours). Nissan commented that they agreed with the Agency's estimate for this burden.

In the event a manufacturer supplied the defect or noncompliant product to independent dealers through independent distributors, that manufacturer is required to include in its

notifications to those distributors an instruction that the distributors are to then provide copies of the manufacturer's notification of the defect or noncompliance to all known distributors or retail outlets further down the distribution chain within five working days. *See* 49 CFR § 577.7(c)(2)(iv). As a practical matter, this requirement would only apply to equipment manufacturers since vehicle manufacturers generally sell and lease vehicles through a dealer network, and not through independent distributors. We believe our previous estimate of roughly 80 equipment recalls per year needs to be adjusted to 95 equipment recalls per year to better reflect recent recall figures. Although the distributors are not technically under any regulatory requirement to follow that instruction, we expect that they will, and have estimated the burden associated with these notifications (identifying retail outlets, making copies of the manufacturer's notice, and mailing) to be 5 hours per recall campaign. Assuming an average of 3 distributors per equipment item, (which is a liberal estimate given that many equipment manufacturers do not use independent distributors) the total number of burden hours associated with this third party notification burden is approximately 1,425 hours per year (95 recalls x 3 distributors x 5 hours). We received no comments on this particular burden estimate.

As for the burden linked with a manufacturer's preparation of and notification concerning its reimbursement for pre-notification remedies, we estimated that the preparation of a reimbursement plan takes approximately 8 hours annually, and that an additional 2 hours per year is spent tailoring the plan to particular defect and noncompliance notifications to NHTSA and adding tailored language about the plan to a particular safety recall's owner notification letters.

Nissan commented that this requirement actually requires additional burden hours from various departments within the company. Nissan estimates that its Consumer Affairs department

must maintain and update a reimbursement website which requires \$24,000 annually. Further, updates to this website take approximately four (4) hours to complete, presumably per recall (but this is not clarified). Another twelve (12) annual hours are required to “..disseminate internal documents to Consumer Affairs staff...” Nissan’s Field Quality Assurance and Technical Compliance departments also spend a combined four and a half (4.5) hours, per recall, creating the reimbursement plan and adding specific language to the owner notification letter.

We thank Nissan for its detailed burden estimate for this requirement. Regarding the website that Nissan operates for managing reimbursement submissions, this is not a current burden imposed by the regulation in 49 CFR 577.11. Manufacturers must disseminate reimbursement information to owners through the owner notification letter and provide owners a physical mailing address to submit any claims in writing. Manufacturers are not required to create or maintain a website for facilitating this pre-notification remedy requirement. As such, we will not include the \$24,000 annual maintenance costs related to Nissan’s website or the four (4) hours spent on updating the website.

However, we do agree with Nissan regarding the four and a half (4.5) hours required to create the reimbursement plan and tailor the plan to each specific recall. We previously estimated a combined total of 10 hours for these items but we will use Nissan’s estimate going forward. Also, we will add an additional 12 hours annually, as Nissan estimates, for each manufacturer to disseminate pre-notification reimbursement to their company staff.

In sum, these required activities total 4,827 annual burden hours ((275 MFRs x 4 hours to prepare plan) + (854 recalls x .5 hours tailoring plan for each recall) + (275 MFRs x 12 hours to disseminate plan information)).

The Safety Act and 49 CFR Part 573 also contain numerous information collection requirements specific to tire recall and remedy campaigns, as well as a statutory and regulatory reporting requirement that anyone who knowingly and intentionally sells or leases a defective or noncompliant tire notify NHTSA of that activity.

Manufacturers are required to include specific information related to tire disposal in the notifications they provide NHTSA concerning identification of a safety defect or noncompliance with FMVSS in their tires, as well as in the notifications they issue to their dealers or other tire outlets participating in the recall campaign. *See* 49 CFR §573.6(c)(9). We now estimate that the Agency administers 12 tire recalls each year, on average, revised down from our previous estimate of 15 tire recall each year. We estimate that the inclusion of this additional information will require an additional two hours of effort beyond the subtotal above associated with non-tire recall campaigns. This additional effort consists of one hour for the NHTSA notification and one hour for the dealer notification for a total of 24 burden hours (12 tire recalls a year x 2 hours per recall).

Manufacturer owned or controlled dealers are required to notify the manufacturer and provide certain information should they deviate from the manufacturer's disposal plan. Consistent with our previous analysis, we continue to ascribe zero burden hours to this requirement since to date no such reports have been provided and our original expectation that dealers would comply with manufacturers' plans has proven true.

Accordingly, we estimate 24 burden hours a year will be spent complying with the tire recall campaign requirements found in 49 CFR § 573.6(c)(9).

Additionally, because the agency has yet to receive a single report of a defective or noncompliant tire being intentionally sold or leased, our previous estimate of zero burden hours remains unchanged with this notice. We received no comments regarding the burden estimates for tire disposal requirements or tire recall campaign requirements.

The previous clearance for this information collection allowed for start-up costs for the Agency's VIN Look-up system and a new regulation that required manufacturers to create a VIN Look-up service on their respective websites. As these systems were launched successfully in August 2014, the start-up estimates for costs and burden will now be removed. The estimated costs to industry for one-time infrastructure expenses to create a VIN-based recalls lookup service consisting of 108 hours, and costing a total of \$45,000, will now be removed from this information collection.

Each manufacturer was also required to establish requirements, analysis, and designs for their new recalls look-up tools. These additional burdens stemmed from: the creation of the VIN search interface; database setup to host the recall information; data refresh procedures to populate recall information; server side VIN code lookup and recall status retrieval; integration with existing manufacturer website; and application testing. We estimated these burdens to total 1,332 hours and \$130,005 and these costs will now be removed from this information collection.

We continue to believe nine vehicle manufacturers, who did not operate VIN-based recalls lookup systems prior to August 2013, incur certain recurring burdens on an annual basis. We estimate that 100 burden hours will be spent on system and database administrator support. These 100 burden hours include: backup data management and monitoring; database management, updates, and log management; and data transfer, archiving, quality assurance, and

cleanup procedures. We estimate another 100 burden hours will be incurred on web/application developer support. These burdens include: operating system and security patch management; application/web server management; and application server system and log files management. We estimate these burdens will total 1,800 hours each year (9 MFRs x 200 hours). We estimate the recurring costs of these burden hours will be \$30,000 per manufacturer¹. We continue to estimate that the total cost to the industry from these recurring expenses will total \$270,000, on an annual basis (9MFRs x \$30,000). Nissan commented that they agreed with this estimate.

The Agency previously estimated one-time startup costs that manufacturers would assume in order to meet certain technical access requirements to provide recall information to NHTSA's website. We estimated that the total one-time costs to the industry from these technical access requirements would require 1,914 burden hours (27 MFRs x 72 hours) and total \$189,270 (27 MFRs x \$7,010) and we now remove these costs from this information collection.

The Agency previously estimated one-time startup costs manufacturers incurred to create a VIN list for 15 years of recall information. We estimated that the total one-time costs to the industry from this VIN list creation would require 1,620 hours (27 MFRs x 60 hours). We remove these costs from this information collection.

Changes to 49 CFR Part 573 in 2013 required 27 manufacturers to update each recalled vehicle's repair status no less than every 7 days, for 15 years from the date the VIN is known to be included in the recall. This ongoing requirement to update the status of a VIN for 15 years continues to add a recurring burden on top of the one-time burden to implement and operate

¹ \$8,000 (for data center hosting for the physical server) + \$12,000 (for system and database administrator support) + \$10,000 (for web/application developer support) = \$30,000.

these online search tools. We calculate that 8 affected motorcycle manufacturers will make recalled VINs available for an average of 2 recalls each year and 19 affected passenger vehicle manufacturers will make recalled VINs available for an average of 8 recalls each year. We believe it will take no more than 1 hour, and potentially much less with automated systems, to update the VIN status of vehicles that have been remedied under the manufacturer's remedy program. We continue to estimate this will require 8,736 burden hours per year ($1 \text{ hour} \times 2 \text{ recalls} \times 52 \text{ weeks} \times 8 \text{ MFRs} + 1 \text{ hour} \times 8 \text{ recalls} \times 52 \text{ weeks} \times 19 \text{ MFRs}$) to support the requirement to update the recalls completion status of each VIN in a recall at least weekly for 15 years. We received no comments on this estimate.

As the number of Part 573 Recall Reports has increased in recent years, so has the number of quarterly reports which track the completion of safety recalls. Our previous estimate of 3,000 quarterly reports received annually is now revised up to an average of 3,800 reports annually. Nissan commented that they spend an average of ten (10) minutes per quarterly report where we previously estimated 4 hours per report. We believe Nissan's estimate of 10 minutes is much more realistic as this process is likely automated through electronic reporting. As such, we will adopt Nissan's estimate of 10 minutes burden to gather the pertinent information for each quarterly report.

Nissan further estimated that it requires one (1) additional hour each quarter to electronically submit all quarterly reports (for up to 30 recalls in a given quarter) totaling another four (4) burden hours annually. As noted before, the major, passenger vehicle manufacturers often conduct more recalls affecting more vehicles and this can increase the quarterly reporting burden for those manufacturers. We will include an additional four (4) burden hours for the

seventeen major, passenger vehicle manufacturers. The quarterly reporting burden now totals 701 hours ((3,800 quarterly reports x 10 minutes/report) + (17 MFRs x 4 hours for electronic submission)).

NHTSA's last update to this information collection established a new online recalls portal for the submission of recall documents. We continue to estimate a small burden of 2 hours annually in order to set up a manufacturer's online recalls portal account with the pertinent contact information and maintaining/updating their account information as needed. We estimate this will require a total of 550 hours annually (2 hours x 275 MFRs). Nissan commented that they agree with this estimate.

Also updated in the last revision to this information collection, NHTSA established a requirement that manufactures change or update recall components in their Part 573 Safety Recall Report. We continue to estimate that 20 percent of Part 573 reports will involve a change or addition. We originally estimated that this burden would require an additional 30 minutes per amended report. Nissan commented that this task requires up to one (1) hour per amended report. We believe Nissan's estimate of one hour is reasonable and we will adopt this estimated burden calculation. At one hour per amended report, this totals 171 burden hours per year (854 recalls x .20 = 171 recalls; 171 x 1 = 171 hours).

As to the requirement that manufacturers notify NHTSA in the event of a bankruptcy, we expect this notification to take an estimated 2 hours to draft and submit to NHTSA. We continue to estimate that only 10 manufacturers might submit such a notice to NHTSA each year, so we calculate the total burden at 20 hours (10 MFRs x 2 hours). We received no comments on this particular estimate.

We continue to estimate that it takes manufacturers an average of 8 hours to draft their notification letters, submit them to NHTSA for review, and then finalize them for mailing to their affected owners and purchasers. We estimate that the 49 CFR Part 577 requirements result in 6,832 burden hours annually (8 hours per recall x 854 recalls per year). Nissan commented that they agree with the Agency's estimate for this burden calculation.

The estimate associated with the regulation which requires owner notifications within 60 days of filing a Part 573 Safety Recall Report remains must similarly be revised with an increase in recalls. We previously calculated that about 25 percent of past recalls did not include an owner notification mailing within 60 days of the filing of the Part 573 Safety Recall Report. However, recent trends show that only about 10 percent of recalls require an interim owner notification mailing. Under the regulation, manufacturers must send two letters in these cases: an interim notification of the defect or noncompliance within 60 days and a supplemental letter notifying owners and purchasers of the available remedy.

We originally estimated these interim letters would require 8 burden hours per recall (similar to the standard owner notification letters). However, Nissan commented that preparation of the interim letter can require up to ten (10) hours if the letter is complex in nature. We believe Nissan's estimate of 10 hours is reasonable and we will adopt this estimate burden calculation. Accordingly, we estimate that 850 burden hours are associated with this 60-day interim notification requirement ($854 \text{ recalls} \times .10 = 85 \text{ recalls}$; $85 \text{ recalls} \times 10 \text{ hours per recall} = 850 \text{ hours}$).

As for costs associated with notifying owners and purchasers of recalls, we continue to estimate this costs \$1.50 per first class mail notification, on average. This cost estimate includes

the costs of printing, mailing, as well as the costs vehicle manufacturers may pay to third-party vendors to acquire the names and addresses of the current registered owners from state and territory departments of motor vehicles. In reviewing recent recall figures, we determined that an estimated 58.4 million letters are mailed yearly totaling \$87,600,000 (\$1.50 per letter x 58,400,000 letters). The requirement in 49 CFR Part 577 for a manufacturer to notify their affected customers within 60 days would add an additional \$8,760,000 (58,400,000 letters x .10 requiring interim owner notifications = 5,840,000 letters; 5,840,000 x \$1.50 = \$8,760,000). In total we estimate that the current 49 CFR Part 577 requirements cost manufacturers a total of \$96,360,000 annually (\$87,600,000 owner notification letters + \$8,760,000 interim notification letters = \$96,360,000). Nissan commented that they agree with the Agency's estimate for this cost estimate.

Due to the past burdens associated with the requirement that certain vehicle manufacturers setup VIN Look-up systems for their recalled vehicles, many estimates have been removed from this information collection as these burdens and costs have already occurred. The 49 CFR Part 573 and 49 CFR Part 577 requirements found in today's notice will require 36,070 hours each year for OMB Control Number 2127-0004, a decrease of 10,068 burden hours from the previously approved collection of 46,138 hours. Additionally, manufacturers impacted by 49 CFR Part 573 and 49 CFR Part 577 requirements will incur a recurring annual cost estimated at \$96,630,000 total.

Estimated Number of Respondents –

NHTSA receives reports of defect or noncompliance from roughly 275 manufacturers per year. Accordingly, we estimate that there will be approximately 275 manufacturers per year

filing defect or noncompliance reports and completing the other information collection responsibilities associated with those filings.

In summary, we estimate that there will be a total of 275 respondents per year associated with OMB No. 2127-0004.

Issued on: October 4, 2016.

Michael L. Brown
Acting Director, Office of Defects
Investigation

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